



## National Banker Teleconference

### *Youth Savings Programs*

*July 30, 2015*



# Disclaimer

***The information contained in this presentation is for informational purposes only and is provided as a public service. It is presented in an effort to enhance understanding of the statutes and regulations administered by the FDIC and describes strategies that may expand access to the banking system. Institutions are responsible for assessing whether the information presented is appropriate for the institution to pursue. It expresses the views and opinions of FDIC staff and is not binding on the FDIC, its Board of Directors, or any board member, and any representation to the contrary is expressly disclaimed.***

# Agenda

- Background on Youth Savings Programs and FDIC Youth Savings Pilot
  - Common program models
  - Other observations
- *Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions*
- Questions and Answers
  - [BankerTeleconference@fdic.gov](mailto:BankerTeleconference@fdic.gov)

# Speakers

- **Luke H. Brown**  
*Associate Director, Supervisory Policy Branch*
- **Ron Jauregui**  
*Community Affairs Specialist, Outreach & Program Development*
- **Tracie G. Morris**  
*Acting Community Affairs Specialist, Outreach & Program Development*
- **Luke W. Reynolds**  
*Section Chief, Outreach and Program Development*
- **Patience R. Singleton**  
*Senior Policy Analyst, Supervisory Policy Branch*

# Background on Youth Savings Programs

- Research Supporting Youth Savings Programs
  - Dept. of Treasury 2013 Study
  - Washington University in St. Louis research
- Other benefits of Youth Savings Programs include:
  - Potential qualified community development activity
  - Community goodwill and visibility
  - Broaden customer base
- FDIC Youth Savings Pilot Program
  - Phase I: Nine banks, 2014-2015 and 2015-2016 school years
  - Phase II: 2015-2016 school year

# Structure of Youth Savings Programs & Other Pilot Observations

- Wide range of structures, sizes, and details
- Four common types of program structures
  1. “Branch” located inside a school
  2. “Banking days” at school utilizing common-area space
  3. Collaborating with school partners to provide financial education and encourage account opening at existing bank branch
  4. Collaborating with community organizations as well as schools to provide financial education and encourage account opening at existing bank branch
- Tips/Lessons Learned from the Pilot Program
  - Leverage existing community relationships to find schools or other partners
  - Physical space—be flexible
  - Student instruction—adapt to school and teachers

# Youth Savings Program Guidance and FAQs

- Purpose of the guidance
  - Respond to identified need for clarification of certain relevant laws and rules
  - Remove perceived barriers to establishing and maintaining youth savings programs
- Does **NOT** create any new regulatory requirements or expectations

# Guidance Questions 1-3

- Opening accounts for minors
  - No federal law prohibition
  - Consult with bank counsel who can review for any state laws relevant to opening and maintaining accounts for minors
- Application of Consumer Protection Laws and Regulations
  - Laws/Regulations include, but are not limited to:
    - Children's Online Privacy Protection Act
    - Electronic Fund Transfer Act
    - Expedited Funds Availability Act
    - Truth in Savings Act
    - Section 5 of the Federal Trade Commission Act/Unfair or Deceptive Acts or Practices (UDAP)
  - Financial institutions may consider age-appropriate presentation of information that still meets all technical requirements.



## Guidance Questions 6-10

- Customer Identification Program (CIP) requirements under the Bank Secrecy Act, as amended by the USA PATRIOT Act
  - Written CIP is required, appropriate for institution size and type of business
  - CIP must include written, risk-based procedures for obtaining and maintaining customer information
  - CIP rules do NOT prohibit a minor from opening an account
  - Documentary and non-documentary options for identity verification
  - If parent, guardian, or third party opens an account for a minor, the parent, guardian, or third party is the customer
- CIP rules should **NOT** be considered a barrier to youth savings work

## Guidance Question 4

- CRA Consideration for Youth Savings Programs
  - Dependent on factors including:
    - The institution's CRA examination type
    - Primary purpose of activity
    - Location of activity

## Guidance Question 5

- When are branch applications not required?
  - For FDIC-supervised institutions, a branch application is not required for a program if the following conditions are met:
    - Program services are provided on school premises / in school facility
    - Program services are provided at discretion / approval of the school
    - Principal purpose of program is financial education
    - Program is conducted consistent with safe and sound banking practices and in compliance with applicable law
  - For other institutions, please refer to the Youth Savings Guidance or discuss with your primary federal regulator

# FDIC Resources

FDIC Youth Savings Pilot

<https://www.fdic.gov/youthsavingspilot>

Money Smart

<https://www.fdic.gov/moneysmart/>

Other FDIC Financial Education Resources

<https://www.fdic.gov/education/>

Alliance for Economic Inclusion

<https://www.fdic.gov/consumers/community/AEI/>

2013 FDIC National Survey of Bank's Efforts to Serve the Unbanked and Underbanked

<https://www.fdic.gov/householdsurvey/>

2011 FDIC National Survey of Unbanked and Underbanked Households

<https://www.fdic.gov/householdsurvey/2011/index.html>

# Publications

*Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions*  
(FDIC FIL 11-2015)

<https://www.fdic.gov/news/news/financial/2015/fil15011.html>

*Financial Education and Account Access Among Elementary Students*  
– US Department of the Treasury

<http://www.treasury.gov/resource-center/financial-education/Documents/AFCO%20Youth%20Research%20Brief.pdf>

*The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance* – Washington University in St. Louis

<http://csd.wustl.edu/Publications/Documents/WP10-01.pdf>

## Other Resources

National Center for Education Statistics (student eligibility for free- or reduced-price lunch)

<http://nces.ed.gov/globallocator/>

Financial Literacy and Education Commission

<http://www.treasury.gov/resource-center/financial-education/Pages/commission-index.aspx>

# Questions?

If you have any questions related to youth savings programs, please email them to:

**BankerTeleconference@fdic.gov**

*Note: We are unable to address questions related to state laws.*

**Thank You!**